

Acton Finance Committee -- February 8, 2005

Members Present: Jonathan Chinitz, Pat Clifford, Pat Easterly, Bob Evans, Gim Hom, John Ryder, and David Stone

Jonathan Chinitz explained that Herman Kabakoff was absent as he is recuperating from having a stent placed in his leg.

Minutes of 1/25/05 Approved

Community Preservation Committee -- Katherine Coleman and Walter Foster presented an overview of the 12 current CPC proposals. The CPC has made preliminary recommendations, including an open space placeholder of \$300,000, which total a little over \$1M, with about \$66,000 uncommitted.

Bob Evans noted his concern that many items on the list that he feels would not be approved if presented separately to Town Meeting. Gim Hom said he did not think CPA funding was appropriate for the Jones Tavern chimney repair, since this is a privately owned structure. He said his criteria are do citizens benefit and what the implications are if the project is not approved. Pat Clifford asked which projects fit into which categories as specified by the CPA bylaw. Walter Foster explained that some of the projects are clear, while others remain in discussion by the CPC. Pat Easterly asked how much money, in total has been set aside to acquire open space. Catherine Coleman said \$200,000 was set aside last year, which together with this year's recommendation makes a balance of \$500,000. David Stone said that he share's some of the concerns expressed by other committee members, but feels that the CPA process is an ongoing experiment. If the kinds of projects that get funded from year to year don't meet with the citizen's approval, the voters can decide whether to continue the CPA surcharge. Jonathan Chinitz asked which projects leverage other funding sources. Katherine Coleman described the other sources of revenue involved in many, but not all of the projects. The CPC will finalize its votes this Thursday, which will then be referred to the Selectmen and Finance Committee. All of the projects will be presented as one article at Town Meeting, as was done last year.

School Choice – Tess Summers, Director of Finance for the School Department and MaryAnne Ashton of the Regional School Committee presented the background on their ongoing discussion of whether to open 50 slots next year for choice students at the high school. This implies two new teachers, plus benefits, plus supplies of about \$250 per student. So they estimate \$2,200 to \$2,400 marginal cost per student, versus the \$5,000 of marginal revenue this would bring in. The School Committee sees this as a way to add teaching staff at the high school, which is a high priority, but has not yet voted. They are looking to see whether this can begin next September, with a view to add a total of 200 students. This would fill the High School to the capacity for which it was designed. Tess Summers explained that the revenues from the state would go into a revolving fund, from which expenses would be paid, and the balance would roll over from year to year. The money would have to be used at the High School, where the students are located. The last

group of choice students admitted when the program was previously active are Seniors this year.

Pat Easterly did a marginal cost analysis to see whether the Choice revenues will exceed the marginal costs. Her analysis is also intended to be useful for new growth, such as the Woodlands project. She followed the format used by Jack Rietz, which includes quite a few estimates, and results in a somewhat higher number than the one Tess Summers referred to. However, both analyses indicate that the Choice revenues will exceed the costs. Pat Clifford asked about the margin for error in the calculations, since 50 students is a fairly small number. If fewer than expected actually attend, how will the two new teachers be paid for. MaryAnne Ashton said that the School Committee will vote the number of slots for each grade based on how much of a response we get once we begin to advertise that Choice slots will be available. The forecasting problem is really not different than what the schools have to do now, knowing how many eighth-graders we have this year, how many teachers do we need for next year's ninth grade. John Ryder asked what impacts the Choice students would have on the School's operations and culture. MaryAnne Ashton said that she doesn't have any personal experience, but that Bill Ryan has described the impacts as very positive. These are students who want to come here, are motivated, and contribute to the community. Gim Hom asked about the marginal cost analysis and Pat Easterly explained that it is the average cost for adding the expected total. Gim asked how the selection of Choice students is made and MaryAnne Ashton explained that students are chosen by lottery, if applicants exceed capacity. Bob Evans said he was in favor of School Choice when he was on the School Committee and continues to favor it now. We only went away from Choice because we didn't have the space. Because we currently have eight students who are children of staff, we will automatically get \$5,000 of State funding for each of them as soon as we open up for choice. Jonathan Chinitz notes that the School Committee will need to be prepared with a succinct explanation of marginal cost versus average cost. The school committee will vote on this on February 17th.

Committee Reports

ALG – John Ryder – There was some apparent good news on the health insurance trust, based on the latest report from the accountant. It appears that we will be down about \$94,000, versus the larger decline previously expected from some large claims. John noted that the Trustees will need to decide about when and how to begin rebuilding the trust balance. Rates will be going up 22%, 18% and 20% for Master Health Plus, the HMO products and Medex. Based on migration, our cost increase will not exactly match the rate increases. The various entities will need to take these new rate projections back and update their budget projections. John added that the State Aid portion of the budget also remains in flux, owing to the political dynamic and new leadership in the legislature. The Office of Campaign Finance has indicated that we cannot mail information to households about the override, but we can make it available for people to pick up.

CPA – John Ryder – John noted that Tara Friedrichs may move to separate the Leary Field proposal from the others. She feels it should be voted on separately. He also said

that the CPC is likely to send a letter to the Governor regarding his proposed “raid” on the CPA trust.

Pat Easterly reported, on behalf of Rheta Roeber that the largest project the planning board is working on is Ellsworth Village, a 33 unit Senior Housing project.

Life After NESWC – David Stone reported that proposals have been received, but not opened yet.

Pyramid Override – Gim Hom moved for a vote of formally supporting a pyramid override structure. The motion was unanimously approved.

Publication of 10-year sources and uses – Gim Hom has prepared and circulated a spreadsheet. The committee thanked him for putting this together and agreed that this should be made available on the web site.